

REQUEST FOR PROPOSALS

LONG-TERM OPERATOR LEASE MUNICIPAL RIVER TERMINAL

CITY OF SAINT LOUIS PORT AUTHORITY SAINT LOUIS, MISSOURI

December 7, 2012

1.0 Introduction

This Request for Proposals (“RFP”) is issued by the City of St. Louis Port Authority (the “Authority”) to seek competitive detailed proposals for a long-term operator Lease (the “Lease”) at the City’s Municipal River Terminal (“MRT”). The Lease shall provide that the entity identified in the successful Proposal shall improve, operate, and maintain the MRT as further described below.

The Authority currently leases the MRT to a short-term operator whose lease expires May 31, 2013. If needed, the existing short-term lease provides the option of up to four mutually-agreed-to six-month extensions.

As part of its \$19.6M South Dock Reconstruction project, the Authority is rebuilding 1330’ of the MRT’s docks. These new docks will connect directly to the existing 670’ North Dock to create a continuous 2000’ dock. The Authority expects the South Dock Reconstruction project to be substantially complete by early 2013.

At a minimum the next Lease will cover all 27 acres of the MRT; however, there are additional parcels outside the MRT such as the Clinton Street warehouse (2226 North First Street), which the Authority is willing to lease to the Lessee should the parties come to mutually agreeable terms. Proposals shall follow the guidelines below and are due February 8, 2013.

2.0 Procurement Approach

To procure the next long-term operator, the Authority has followed a three-step process:

- Forum, August 6, 2012: public meeting for presentation about and discussion of the MRT and the upcoming long-term lease;
- Request for Qualifications (“RFQ”), issued August 31, 2012: requested information from those interested in operating the MRT; and
- This RFP, issued December 7, 2012: requesting additional information from those interested in operating the MRT.

As stated in the RFQ, the Authority formed a Selection Committee to evaluate RFQ and RFP responses. The Authority is issuing this RFP to those chosen by the Selection Committee based on the Committee's review of the RFQ responses. The Committee will assess responses to this RFP and select one Proposer with which to negotiate the next long-term Lease. This RFP requires each Proposer to be prepared to act as operator if the Proposer is selected to enter into the Lease.

3.0 Lease Parameters

The Authority anticipates a lease that combines a fixed base rate with additional variable payments linked to cargo handling. Lessee shall carry out full scale terminal operations at all times and utilize the premises to the fullest extent possible. Lease negotiations will address the parameters below.

3.1 Fixed Lease Payments

The Authority will require a minimum fixed lease payment of \$500,000 annually for the MRT. Fixed payments to the Authority may increase over the Lease term, e.g., if pegged to the Consumer Price Index.

3.2 Variable Lease Payments

The Lease shall establish a Minimum Volume Guarantee for annual throughput:

- Lessee shall propose the Minimum Volume Guarantee for the first year; for the remainder of the Lease term, Lessee shall propose a method for determining subsequent Minimum Volume Guarantees;
- Tonnage figures for Minimum Volume Guarantees shall be derived from those goods that cross the dock (see Section 3.4).

Respondents may also propose to establish tiered rates for tonnages:

- Lessee may propose an Exemption Threshold below which it pays no variable rent for tons of throughput;
- Lessee may propose rates for throughput above the Exemption Threshold, structured in tiers based on volume and per/ton pricing as proposed by Lessee;
- Exemption Threshold and tier volumes and rates can vary over time, either on an annual index or every few years, or tied to another measure proposed by Lessee.

Lessee shall propose a schedule for the tiered variable lease payments. Penalties shall be assessed at the end of any year during which Minimum Volume Guarantee is not met. Variable payments to the Authority may increase over the Lease term, e.g., if pegged to the Consumer Price Index.

3.3 Sources of Other Lease Revenue

The Lessee may wish to lease properties outside the MRT, such as the Clinton Street warehouse or other parcels:

- any such parcel is available for up to the same term as the MRT Lease;
- the minimum lease payment for the Clinton Street warehouse is \$200,000 annually, to be paid monthly; a one month security deposit will be required.

Lessee may propose some revenue sharing of fees assessed by Lessee to outside parties for MRT mooring, fleeting, open and covered storage, etc. Other lease payments to the Authority may increase over the Lease term, e.g., if pegged to the Consumer Price Index.

3.4 Operational Requirements

- Tonnage: cargo volumes should only be reported once as they cross the dock (for example, one ton of salt in by barge and out by truck counts as one ton of throughput). Lessee shall maintain accurate records subject to Authority audit and shall report volumes monthly to the Authority; records shall be kept in a mutually-agreed-to format and show, at a minimum, commodity type, tonnage, and mode of transport.
- License: Lessee shall have a license to do business in the City of St. Louis; go to <http://www.stlouis-mo.gov/license/business-license-info/index.cfm> for further information.
- Public, General Purpose Dock: the Authority wishes to preserve the public aspect of the MRT however will leave the scheduling and any user fees up to the Lessee to enable the Lessee to best avail itself of market conditions. Lessee shall provide and furnish available terminal services to waterway users without discrimination or favoritism; rates and charges shall apply indiscriminately to those desiring to use the available facilities and services.
- Utilities: Lessee shall obtain and pay for all utilities it needs.
- Sewers: Lessee shall not place large stockpiles directly above existing sewers, which are shown on Exhibit A.
- Equipment: the Authority shall not provide any equipment of any kind; Lessee's cranes shall not exceed 150 tons on the existing North Dock or 250 tons on the new South and Middle Docks.
- Security: Lessee responsible for security arrangements regarding property, cargo, and personnel.

3.5 Maintenance

Lessee shall be responsible for all maintenance and repairs due to normal wear and tear as well as the general care, cleanliness, and neatness of the entire MRT. In addition to routine maintenance, the Lessee shall be responsible for the following:

- Dredging as needed; maximum allowable dredge depth along the entire 2000' of dock is 365' above sea level.
- All railroad tracks used by Lessee shall be properly maintained; Lessee will be responsible for all derailment repairs within the MRT.
- Cranes shall not drive across or be positioned on the tops of dock sheet-steel piles.
- New South Dock bulkhead has a row of drain openings at Elevation 412; Lessee shall periodically inspect them, especially after high-water events, and clean them out as needed.
- Lessee and the Authority will develop a long-range maintenance and repair plan to extend the useful life of the existing North Dock.

Lessee shall file quarterly maintenance reports with the Authority. The Authority or its representative will conduct semi-annual inspections, and may require the Lessee to make repairs within a specified time period.

3.6 Lessee -Authority Relations

- **Audits:** All books and records of the Lessee as they pertain to the MRT shall be subject to audit by the Authority or an independent auditor designated by the Authority, at reasonable times and upon reasonable notice given by the Authority to Lessee. A US Dept. of Commerce Economic Development Administration (EDA) grant funded a large part of the South Dock Rebuild. Consequently, at any time during normal business hours and as frequently as is deemed necessary, the Lessee shall make available to EDA, or its authorized agents, for their examination, all of the Lessee's records pertaining to the Lease. All records of the Lessee pertaining to a Lease Agreement entered into with the Authority shall be retained for a period of three (3) years after the expiration of the Lease or any extensions thereof. All records shall be retained beyond the three (3) year period if audit findings or disputes have not been resolved within that period.
- **Lessee Default:** the Lease shall include termination provisions for Lessee's failure to meet agreed-upon Minimum Volume Guarantee, adopt a Master Development Plan (see Section 5.1), or execute agreed-upon capital improvements.
- **Handback and Handback Reserve:** at a set time prior to the end of the Lease term, for example 60 months, the Lessee may be required to perform a comprehensive inspection to determine the overall condition of the facility and to agree with the Authority about any improvements that need to be made. The Lessee may be required to put an agreed amount (equal to the cost of the required improvements) into a Handback Reserve that would be available to the Authority for use in the case that the Lessee failed to perform the required work.
- **Long term goals:** Lessee shall participate in regional marketing efforts as well as attempt to create value-added economic development such as manufacturing, kitting, processing, or other activities that use portions of the MRT's throughput.
- **Financing:** to assist the Lessee in making capital improvements, the Authority may be able to provide funding from available port revenues or public financing tools at its disposal. Any contribution by the Authority is subject to the availability of funds and approval by all applicable City Boards and/or Commissions. The Authority's first commitment, however, is to its South Dock Reconstruction debt service.

3.7 Terms of the Lease

- Lease shall commence upon conclusion of the existing short term lease and shall terminate no later than February 28, 2037.
- Annual payment in full is required prior to commencement of Lease; however, at the sole discretion of the Authority, Lessee may be allowed to make payments on a monthly basis, which shall be made by the first of each month.
- One-month security deposit will be required at beginning of Lease. Provided MRT and any other facilities have been properly managed and there are no outstanding maintenance, repair, or other issues, security deposit will be returned in accordance with the Standard Provisions (see Section 3.8).

- Proposals are invited which provide security for the Lease payments in the form of an irrevocable letter of credit or other satisfactory form of collateral, and personal and third-party corporate guaranty.

3.8 Standard Provisions

Lessee shall comply with the "Standard Provisions" (Exhibit B). The following additional provisions will be included in the Lease:

- Insurance (cf. p. 6): the South Dock Reconstruction total project cost is \$19.6M and the replacement value of the existing North Dock is approximately \$10M. The \$3M Property Damage Insurance clause will be negotiated upwards accordingly. In addition, any other facility such as the Clinton Street warehouse shall have a Property Damage Insurance clause specific to it.
- Sublease (cf. p. 14): all MRT assignments and subleases shall have prior approval from EDA.
- Marine Survey (cf. p. 18): every four years this annual inspection shall include an underwater dive survey of the new south and middle dock bulkheads up until year 16 of the lease, thereafter every two years; in addition, Lessee shall perform an underwater dive survey every two years at the North Dock.
- Operations Circulars: Lessee shall provide general statement of all services offered, terms and conditions, and the charges and rates for these services rendered. The Authority will keep this information confidential.

4.0 Responses

All responses must include one (1) original of the Proposal with original signatures and ten (10) copies, each submitted in bound 8.5"x11" format no longer than 25 pages, and one electronic CD copy in a PDF format. Please limit your information to the outline provided below. Sealed proposals must be made in writing, shall contain materials enumerated in Section 5, and shall be addressed to:

Mr. Rodney Crim
Executive Director
St. Louis Development Corporation
1520 Market Street, Suite 2000
St. Louis, MO 63103

Proposals shall be submitted no later than Friday, February 8, 2013, 4PM, central time and must remain valid until June 14, 2013.

5.0 Proposals

Please provide the information requested below.

5.1 Conceptual and Master Development Plans

Create a Conceptual Development Plan that describes how you propose to use the MRT and any associated facilities. Include a general site layout for movement and storage of goods, the

types of operations you plan to run (including fleeting, mooring, other non-dock usage), cargo types (including corrosive or hazardous, if any) and anticipated volumes, equipment needed for proposed throughput, hours of operation, proposed revenue structure, and minimum dollar amount for capital improvements. In support of your Plan, please fill out the attached Proposed Lease Terms spreadsheet (Exhibit C).

In addition, six (6) months into the Lease, the Authority will require submittal of a Master Development Plan, which will be incorporated into the Lease. The Master Development Plan will fully define agreed-upon developments, capital requirements, and a marketing strategy. The Plan's capital improvement program shall include project descriptions, schedules, and budgets. The goal is that at the end of the Lease, the Authority will receive a facility that will be desirable to a subsequent Lessee. Should Lessee fail to provide and implement the Master Development Plan, the Lease shall provide a termination option for the Authority.

5.2 Financials

- Copies of the last 3 years of respondent's audited financial statements; if an audited statement from the most recent year is not available, the most recent unaudited financial statement signed by an officer of the company. Financial statements will be returned to the respondent at the conclusion of the selection process. Include report of any breach-of-contract suit from the past 5 years.
- Statement acknowledging that respondent agrees to the Authority's minimum acceptable lease terms as provided in this RFP (see Sections 3.1 and 3.3).
- Letter of Commitment from a lending institution for permanent financing for all equipment, machinery, and capital improvements planned by the respondent.
- Commitment letter from the respondent that its Proposal is good until June 7, 2013, and that it is ready, willing, and able to begin operations at the MRT and any associated facilities upon commencement of the Lease.

5.3 Personnel Information Required

- Resumes and organizational chart of those who will manage the facility; provide references and contact info for each individual.
- Completed Respondent's Affidavit (Exhibit D).
- Completed Affidavit of Compliance (Exhibit E).
- Statement of how Respondent will comply with the Mayor's Executive Order #28 (see Section 7.0 below).

6.0 Project Manager for the Authority

Susan Taylor

Major Project Manager

St. Louis Development Corporation

Phone: (314) 657-3740

taylors@stlouis-mo.gov

7.0 M/W/DBE Participation

Lessee shall comply with the Mayor's Executive Order No. 28 and any superseding Executive Orders relating to utilization of minority and women businesses for construction, maintenance, or purchase of supplies. Executive Order No.28 requires those contracting with the City to seek, through good-faith efforts, the involvement of minorities and women with a goal of participation of least 25% and 5%, respectively. For additional information, please visit www.mwdbbe.org.

8.0 Living Wage Compliance

Lessee shall comply with "Chapter 3.99 Living Wages" of the Revised Code of the City of St. Louis (Ordinance No. 65597). Please refer to <http://www.slpl.lib.mo.us/cco/code/data/t0399.htm> or www.mwdbbe.org/livingwage.

9.0 Unauthorized Alien Employees

Lessee, pursuant to the provisions of Sections 285.525 through 285.555 of the revised Statutes of Missouri, 2000, as amended, by sworn Affidavit and provision of documentation, affirm its enrollment and participation in a federal work authorization program with respect to the employees working in connection with this Lease, Agreement or Grant. Lessee shall sign an Affidavit affirming that it does not knowingly employ any person who is an unauthorized alien in connection with this Lease, Agreement or Grant pursuant to the above-stated Statutes (Exhibit E).

10.0 Selection Process and Criteria

Responses will be reviewed by the Selection Committee which shall choose the successful Proposer with whom to negotiate a Lease.

Proposals shall be evaluated according to the following, 100-point schedule:

- Lease rate and structure: 40 points (see Section 3)
- Conceptual Plan for the MRT: 35 points (see Section 5)
- MRT management team's experience: 10 points (see Section 5)
- Commitment letter from the Proposer: 10 points (see Section 5)
- Statement regarding Mayor's M/WBE goals: 5 points (see Section 7)

11.0 Questions Regarding This RFP

All questions must be submitted in writing via e-mail to Susan Taylor (see Section 6.0). Questions must be received no later than 4:00PM, Friday, January 18, 2013, in order for the Authority to issue a timely response if it so chooses. The Authority shall not be obligated to respond to any question. All questions and the Authority's responses will be posted online under "MRT long-term lease RFP" at www.stlouis-mo.gov/sldc/documents/2012-12-10-rfp-municipal-river-terminal-operator.cfm

12.0 General Conditions for Submission of Qualifications

The Authority reserves the right to reject any or all responses; to select one or more respondents; to void this RFP and the review process and/or terminate negotiations at any time; to revise any conditions and stipulations contained herein, as convenient or necessary; to further negotiate fees, rates and financial arrangements, etc; to establish further criteria for selection; to ask respondents to submit additional information or evidence of their qualifications and experience or participate in an interview; to waive informalities in the RFP process; to negotiate with successful respondents; and to reject any and/or all Proposals for any reason, in its sole discretion.

13.0 ADDITIONAL INFORMATION

13.1 Amended Proposals

A respondent may submit an amended proposal before the deadline for receipt of proposals. Such amended proposals must be complete replacements for a previously submitted proposal and must be clearly identified as such in the transmittal letter. The Authority will not merge, collate, or assemble proposal materials.

13.2 Revisions of this RFP

In the event that it becomes necessary to clarify or revise this RFP, such clarification or revision will be by addendum. There are no designated dates for release of addenda. Therefore, interested respondents should check the Authority website regularly from time of issuance of RFP through RFP deadline date. It is the sole responsibility of the respondent to be knowledgeable of all addenda related to this RFP.

13.3 Respondent Responsibility

The respondent assumes sole responsibility for the complete effort required in this RFP. No special consideration shall be given after proposals are opened because of a respondent's failure to be knowledgeable of all the requirements of this RFP. By submitting a proposal in response to this RFP, the respondent represents that it has satisfied itself, from its own investigation, of all the requirements of this RFP.

13.4 Cost Liability

Any cost incurred by the respondent in preparation, transmittal, or presentation of any proposal or material submitted in response to this RFP, including oral presentation and demonstration if required, shall be borne solely by the respondent.

13.5 Contents of Proposals

With the exception of financials (see Section 5.2), all materials submitted in accordance with this RFP will become and remain the property of the Authority and will not be returned. All Proposals shall be considered public records, but may be deemed and treated as "closed" or "exempt" by the Authority, at the sole discretion of the Authority, pursuant to the Authority's understanding and interpretation of the laws of the State of Missouri. All Proposal material may be treated as open records. The Authority cannot guarantee confidentiality of any

materials during the evaluation process or at any other time. Thus, Proposals and communications exchanged in response to this RFP should be assumed to be subject to public disclosure.

13.6 No Obligation

This RFP in no manner obligates the Authority to enter into a lease agreement with those entities submitting proposals in response to this RFP. Progress toward this end is solely at the discretion of the Authority and may be terminated at any time prior to the signing of the Lease agreement.

13.7 Termination

This RFP may be cancelled at any time and any and all proposals may be rejected, in whole or in part, when the Authority determines it is in its best interest.

13.8 Governing Law

This RFP, and any contract or agreement with respondents that may result, shall be governed by the laws of the State of Missouri.

13.9 Nondiscrimination

In connection with the contract resulting from this RFP, the firm agrees that in performing any services resulting from this RFP, neither he/she nor anyone under his/her control will permit discrimination against any business, employee, applicant, client or subscriber because of race, creed, color, disability, religion, sexual orientation, national ancestry, or origin.

13.10 Americans with Disabilities Act (ADA)

In connection with the furnishing of services under any lease resulting from this RFP, the Lessee shall comply with all applicable requirements and provisions of the Americans with Disabilities Act.

13.11 Indemnification

Each respondent, in seeking, receiving, or possessing this RFP, and/or in submitting a response, does release, indemnify, and hold the Authority and its various employees, representative and agents harmless from and against all claims and demands of any and all loss, cost, damage, or liability of whatever nature, which may be asserted against or imposed against the Authority as a result of issuing this RFP, making any revisions thereto, conducting this selection process and subsequent negotiations, and making a final recommendation, and/or entering into a contract.

14.0 Attachments

Exhibit A: Sewer Locations

Exhibit B: Standard Provisions

Exhibit C: Proposed Lease Terms

Exhibit D: Respondent's Affidavit

Exhibit E: Affidavit of Compliance